California State University San Marcos Corporation

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years Ended June 30, 2024 and 2023

Aldrich

CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

Financial Statements and Supplemental Information

Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
California State University San Marcos Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statement of California State University San Marcos Corporation, (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University San Marcos Corporation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California State University San Marcos Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about California State University San Marcos Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of California State University San Marcos Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about California State University San Marcos Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 28-39 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024, on our consideration of the California State University San Marcos Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness California State University San Marcos Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University San Marcos Corporation's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 25, 2024

CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

Statements of Financial Position

June 30, 2024 and 2023

ASSETS	2024	2023
Current Assets:		
Cash and cash equivalents	$ 2,711,717	$ 2,075,605
Accounts receivable	2,504,028	2,106,506
Other receivables	1,866,581	578,720
Due from related parties	1,805,271	2,042,300
Prepaid expenses	90,042	56,053
Current portion of lease receivable - related party	3,495,852	3,501,979
Current portion of investments	10,807,404	10,909,010
Total Current Assets	23,280,895	21,270,173
Noncurrent Assets:		
Property and equipment, net of accumulated depreciation	19,025,512	19,750,498
Right-to-Use Assets - Finance Lease, Net of accumulated amortization	7,147,604	7,687,045
Right-to-Use Assets - Operating Lease, Net of accumulated amortization - related party	57,900	85,024
Lease receivable - related party, less current portion	81,971,382	85,467,234
Investments, less current portion	5,877,683	4,764,638
Other assets	102,722	102,722
Total Noncurrent Assets	114,182,803	117,857,161
Total Assets	$ 137,463,698	$ 139,127,334
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 2,459,179	$ 1,845,706
Due to related parties	1,152,764	1,106,976
Current portion of unearned income - direct financing lease	2,164,478	2,220,164
Current portion of finance lease	88,712	534,212
Current portion of operating lease - related party	29,134	57,850
Current portion of contract liabilities - deferred revenue	378,474	364,529
Current portion of other deferred revenue	2,935,794	2,430,520
Accrued payroll and benefits	1,103,373	1,012,513
Current portion of accrued postretirement benefit costs	24,044	28,615
Current portion of bond payable	1,266,209	1,263,065
Current portion of notes payable	1,106,712	1,060,866
Total Current Liabilities	12,708,873	11,925,016
Noncurrent Liabilities:		
Unearned income - direct financing lease, net of current portion	28,693,666	30,858,144
Finance lease, net of current portion	4,182,776	4,271,488
Operating lease - related party, net of current portion	29,124	57,203
Contract liabilities - deferred revenue, net of current portion	475,883	801,511
Accrued postretirement benefit costs, net of current portion	1,302,958	1,362,188
Bond payable, net of current portion	11,596,406	12,744,620
Notes payable, net of current portion	55,964,735	57,386,855
Total Noncurrent Liabilities	102,245,548	107,482,009
Total Liabilities	114,954,421	119,407,025
Net Assets Without Donor Restrictions	22,509,277	19,720,309
Total Liabilities and Net Assets	$ 137,463,698	$ 139,127,334

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

Statements of Activities

Years Ended June 30, 2024 and 2023

	2024	2023
Revenue and Other Support Without Donor Restriction:		
Federal grants and contracts	$ 14,382,359	$ 12,771,995
Housing programs	7,575,583	6,768,252
Other programs	6,256,384	3,410,899
Other sponsored programs	4,067,675	2,489,726
Child care center in-kind rental income	661,026	641,773
Housing ground lease in-kind income	644,996	626,210
Commissions	378,453	411,149
Child care center ground lease in-kind income	350,725	340,510
Campus dining in-kind rental income	146,123	151,779
Rental income	8,270	3,250
Total Revenue and Other Support Without Donor Restrictions	34,471,594	27,615,543
Expenses:		
Operating Expenses:		
Program Services:		
Sponsored programs	18,299,806	14,928,488
Academic and auxiliary services	519,838	332,909
Housing programs	5,499,958	4,211,904
Dining operations	1,410,072	1,041,226
Other programs	2,370,103	1,969,550
Total Program Services	28,099,777	22,484,077
Supporting Services:		
Management and general	4,202,948	3,334,752
Total Operating Expenses	32,302,725	25,818,829
Non-operating Revenues (Expenses):		
Unearned capital lease income	2,220,163	2,273,841
Interest and dividend income	566,361	165,577
Interest expense	(2,666,023)	(2,722,253)
Net realized and unrealized gain on investments	434,904	76,856
Postretirement benefit	64,694	74,959
Total Non-operating Revenue (Expenses)	620,099	(131,020)
Increase in Net Assets	2,788,968	1,665,694
Net Assets Without Donor Restrictions, beginning	19,720,309	18,054,615
Net Assets Without Donor Restrictions, ending	$ 22,509,277	$ 19,720,309

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services						Supporting Services	
	Sponsored Programs	Academic and Auxiliary Services	Housing Programs	Dining Operations	Other Programs	Total Programs	Management and General	Total
Benefits	$ 1,633,362	$ 19,297	$ 207,658	$ 72,249	$ 270,776	$ 2,203,342	$ 196,545	$ 2,399,887
Business service fees	-	-	-	-	-	-	437,106	437,106
Campus dining in-kind rent	-	-	-	146,123	-	146,123	-	146,123
Child care center ground lease in-kind	-	-	-	-	-	-	350,725	350,725
Child care center in-kind rental	-	-	-	-	-	-	661,026	661,026
Contractual services	573,029	28,129	481,893	48,045	26,312	1,157,408	250,947	1,408,355
Contribution to campus mission	-	-	-	-	1,652	1,652	600,000	601,652
Depreciation and amortization	284,833	-	971,036	546,583	5,789	1,808,241	523,371	2,331,612
Housing ground lease in-kind	-	-	644,996	-	-	644,996	-	644,996
Hospitality and events	94,479	-	13,203	156	124,247	232,085	7,799	239,884
Information technology/other equipment	177,758	3,633	12,233	43,038	9,012	245,674	26,360	272,034
Insurance	101,511	55,630	153,728	50,034	2,641	363,544	18,594	382,138
Other expenses	708,154	166,541	119,937	118,484	41,706	1,154,822	346,056	1,500,878
Repairs and maintenance	152	38,340	589,672	9,842	126,383	764,389	6,534	770,923
Salaries and wages	6,542,602	48,550	695,038	205,557	1,407,699	8,899,446	624,533	9,523,979
Scholarships	3,687,101	-	-	-	-	3,687,101	-	3,687,101
Services	186,894	-	-	-	-	186,894	92,144	279,038
Space rental	-	-	480,302	1,467	-	481,769	-	481,769
Stipends	2,840,711	-	-	-	160,023	3,000,734	-	3,000,734
Subrecipient	684,512	-	-	-	17,125	701,637	-	701,637
Supplies	375,895	16,990	218,533	1,346	91,981	704,745	12,901	717,646
Travel	379,442	-	12,749	-	30,746	422,937	29,415	452,352
Utilities	29,371	142,728	898,980	167,148	54,011	1,292,238	18,892	1,311,130
Total operating expenses	$ 18,299,806	$ 519,838	$ 5,499,958	$ 1,410,072	$ 2,370,103	$ 28,099,777	$ 4,202,948	$ 32,302,725

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services						Supporting Services	
	Sponsored Programs	Academic and Auxiliary Services	Housing Programs	Dining Operations	Other Programs	Total Programs	Management and General	Total
Benefits	$ 1,421,229	$ 22,831	$ 188,185	$ 63,173	$ 325,735	$ 2,021,153	$ 195,918	$ 2,217,071
Business service fees	-	-	-	-	-	-	424,374	424,374
Campus dining in-kind rent	-	-	-	151,779	-	151,779	-	151,779
Child care center ground lease in-kind	-	-	-	-	-	-	340,510	340,510
Child care center in-kind rental	-	-	-	-	-	-	641,773	641,773
Contractual services	351,788	24,012	429,069	26,313	43,493	874,675	153,176	1,027,851
Contribution to campus mission	-	-	-	-	1,795	1,795	-	1,795
Depreciation and amortization	269,327	-	984,799	404,581	11,833	1,670,540	490,944	2,161,484
Housing ground lease in-kind	-	-	626,210	-	-	626,210	-	626,210
Hospitality and events	163,041	-	9,164	1,532	95,367	269,104	4,329	273,433
Information technology/other equipment	92,752	2,695	14,457	6,396	13,326	129,626	19,493	149,119
Insurance	89,389	28,926	127,968	-	-	246,283	15,768	262,051
Other expenses	349,029	137,140	58,559	83,547	32,088	660,363	357,297	1,017,660
Repairs and maintenance	-	22,423	280,247	-	-	302,670	-	302,670
Salaries and wages	5,873,334	42,750	609,711	187,838	1,288,071	8,001,704	636,117	8,637,821
Scholarships	2,589,823	-	-	-	40,492	2,630,315	-	2,630,315
Services	157,975	-	-	-	-	157,975	-	157,975
Stipends	2,189,879	-	-	-	17,057	2,206,936	-	2,206,936
Subrecipient	662,325	-	-	-	-	662,325	-	662,325
Supplies	366,360	14,327	26,340	14	17,183	424,224	9,944	434,168
Travel	322,149	-	13,529	-	24,272	359,950	18,316	378,266
Utilities	30,088	37,805	843,666	116,053	58,838	1,086,450	26,793	1,113,243
Total operating expenses	$ 14,928,488	$ 332,909	$ 4,211,904	$ 1,041,226	$ 1,969,550	$ 22,484,077	$ 3,334,752	$ 25,818,829

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Increase in net assets	$ 2,788,968	$ 1,665,694
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,331,612	2,161,484
Amortization of debt modification	117,996	128,816
Net realized and unrealized gain on investments	(434,904)	(76,856)
Loss on disposals of property and equipment	62,443	220
Operating lease	(29,671)	30,029
Change in accumulated postretirement benefit obligation	(63,801)	(70,802)
Changes in operating assets and liabilities:		
Accounts receivable	(397,522)	(4,149)
Other receivables	(1,287,861)	(196,652)
Due from related parties	237,029	90,706
Prepaid expenses	(33,989)	(35,095)
Lease receivable	3,501,979	3,495,564
Accounts payable	613,473	(739,298)
Due to related parties	45,788	(322,303)
Unearned income - direct financing lease	(2,220,164)	(2,273,841)
Contract liabilities - deferred revenue	(311,683)	98,398
Other deferred revenue	505,274	1,520,362
Accrued payroll and benefits	90,860	31,726
Net Cash Provided by Operating Activities	5,515,827	5,504,003
Cash Flows from Investing Activities:		
Purchases of property and equipment	(1,129,628)	(708,498)
Proceeds from the sale of investments	5,958,000	10,371,000
Purchases of investments	(6,534,535)	(11,489,794)
Net Cash Used by Investing Activities	(1,706,163)	(1,827,292)
Cash Flows from Financing Activities:		
Payments on notes payable	(1,376,274)	(1,320,448)
Payments on bond payable	(1,263,066)	(1,241,681)
Payments on finance lease obligation	(534,212)	(896,645)
Net Cash Used by Financing Activities	(3,173,552)	(3,458,774)
Net Increase in Cash and Cash Equivalents	636,112	217,937
Cash and Cash Equivalents, beginning	2,075,605	1,857,668
Cash and Cash Equivalents, ending	$ 2,711,717	$ 2,075,605

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

Statements of Cash Flows, continued

Years Ended June 30, 2024 and 2023

	2024	2023
Supplemental Disclosures of Cash Flow Information:		
Cash payments for interest	$ 2,671,081	$ 2,707,413
Supplemental Disclosures of Noncash Investing and Financing Activities:		
Noncash recognition of Finance lease:		
Unearned finance lease income	$ (2,220,164)	$ (2,273,841)
Right-of-use assets obtained in exchange for new finance lease liabilities	-	8,091,627
Right-of-use assets obtained in exchange for new operating lease liabilities	-	110,924
	$ (2,220,164)	$ 5,928,710

See accompanying notes to financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities
California State University San Marcos Corporation (the Corporation), is a nonprofit California corporation and an auxiliary organization of California State University San Marcos (University or CSUSM), organized and operated in accordance with the California Code of Regulations and the Education Code of the State of California. The Corporation was organized in December 1989 to provide service and opportunity to the University.

New Accounting Standard
Effective July 1, 2023, the Corporation adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This update requires the use of a forward-looking expected credit loss model for instruments within its scope, including accounts receivable, and replaces the previous incurred loss impairment model. The expected credit loss model requires management to estimate current expected credit losses over the lifetime of the assets by considering all reasonable and supportable information, including historical experience, current conditions, and reasonable and supportable forecasts affecting collectability. Management has analyzed provisions contained in Topic 326 and determined that there is no impact to net assets as of July 1, 2023, due to the adoption of the new policy.

Program Services
The Corporation provides program services in the following major areas:

- Sponsored Programs – represents transactions where the Corporation serves as administrator for the University on various research and educational grants and contracts awarded by both governmental and private institutions.
- Academic and Auxiliary Services – represents net transactions for the operations of the Extended Learning Building and Parking Project, in the Corporation's role of providing real property development and management.
- Housing Programs – represents transactions related to the Corporation management of student housing. The Corporation holds a ground and facility lease on the University Village Apartments (UVA), which provides housing and student-life activities for approximately 698 students, and contracts with Capstone On-Campus Management (Capstone), a third-party administrator for UVA operations and management. Additionally, the Corporation manages the contractual affiliated relationship between The Quad and Cube 3, LLC developers (privately-owned housing properties for CSUSM students), the University and the Residential Education Team. The Corporation may contract with its housing affiliate to lease apartment units adjacent to campus to supplement housing availability for student residents. For the year ended June 30, 2024, the Corporation leased additional space for approximately 53 students.
- Dining Operations – represents transactions related to the Corporation management of on campus dining services. The Corporation contracts with an unrelated third-party provider to operate the food service locations, which include retail sales, catering, concessions and a residential meal program with a corresponding dining hall, which was added in the Fall of 2022. Transactions reflected include those which are incurred or paid by the Corporation, outside of the direct dining operational costs of payroll, food and beverage inventories, supplies and maintenance, which are reflected on the books of the third-party provider.
- Other Programs – represents primarily the operational expenses of Campus Program projects and activities.

Related Parties
The Corporation is related to other auxiliaries of the University, including Associated Students, Inc. of California State University San Marcos (ASI), and California State University San Marcos Foundation (Foundation). These auxiliaries and the University, although independent, periodically provide various services to one another.

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Basis of Presentation
The financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors.

- *Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Corporation did not have any donor restrictions that were temporary or perpetual in nature for the years ended June 30, 2024 and 2023.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents
The Corporation considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Accounts Receivables
The accounts receivable arises in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for credit losses to provide the estimated amount of receivables that may not be collected. Management considers accounts receivable to be fully collectible. Accordingly, no allowance for credit losses is considered necessary for the years ended June 30, 2024 and 2023.

Investments
Investments in mutual funds with readily determinable fair values, based on daily share prices, are reported at fair value with gains and losses included in the statements of activities.

The investments of the Corporation are exposed to interest rate and market risk. Economic conditions can impact these risks and resulting fair values can be either positively or adversely affected. If the level of risk increases in the near term, it is possible that the investment balances and the amounts reported in the financial statements could be materially affected by market fluctuations. Although the fair value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Corporation and its beneficiaries.

Property and Equipment
The Corporation capitalizes all expenditures for property and equipment with a cost of $5,000 or more. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of 3 to 30 years.

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Leases
The Corporation adheres to the accounting standard for leases, which provides detailed guidance for financial statement recognition, measurement, and disclosure of leases. The significant policies used by the Corporation to assist in determining the financial statement treatment of leasing arrangements are described in Note 12.

Unearned Income – Direct Financing Lease
Unearned income – direct financing lease represents the deferred rent revenue for payments made from the University to the Corporation for the Extended Learning Building and Parking Project.

Contract Liabilities – Deferred Revenue
Contract liabilities – deferred revenue represents the unamortized portion of property and equipment received from unrelated third parties as part of the agreements for the operation of the bookstore and campus food services, as well as advanced partnership support funds from unrelated third-party beverage services provided.

Other Deferred Revenue
Deferred revenue represents grant revenue received in advance.

Bond Premium
Bond premium is amortized for 19 years using the straight-line method, which approximates the effective interest method over the term of the bonds. The amortization is recorded as a reduction of interest expense.

Revenue Recognition
The Corporation analyzes revenue recognition on a portfolio approach under ASC Topic 606 *Revenue from Contracts with Customers*. The Corporation has determined that, for each distinct revenue stream identified, all contracts can be grouped into one portfolio. Based on past experience, customers within each distinct stream all behave similarly, contracts contain similar terms, and policies are the same across all contracts.

- Federal grants and contracts and other sponsored programs – support received under grants and contracts is recorded as revenue when conditions are met in accordance with agreements. Any funds received in advance are recorded as deferred revenue until these conditions are met.
- Housing programs – revenue received from housing program consist of management and service fees. Management and service fees are recognized as revenue over time as the related fees are earned and are realized or realizable.
- Other programs – revenue received from various programs offered by the Corporation. Revenue is recognized when earned for the services performed.
- Lease and rental income – revenue is recognized on a straight-line basis over the life of the lease agreement.
- Commissions – revenue is recognized as commission are earned under the various agreements with the customers.

Not Recognized Under ASC Topic 606	Recognized Under ASC Topic 606
- Federal grants and contracts	- Housing programs - recognized over time
- Other sponsored programs	- Other programs - recognized at point in time
- Lease and rental income	- Commission - recognized at point in time
- In-kind income	

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Income Taxes
The Corporation is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Corporation remains subject to taxes on any net income which is derived from a trade or business regularly carried on and unrelated to its exempt purpose.

The Corporation follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Corporation recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Corporation has no uncertain tax positions as of June 30, 2024; therefore, no amounts have been accrued.

Reclassification
Certain reclassification has been made to the June 30, 2023, board designations and liquidity. Undesignated net assets have been reclassified to align with the current year presentation in board designated net assets.

Subsequent Events
The Corporation has evaluated subsequent events through September 25, 2024, which is the date the financial statements were available to be issued.

Note 2 - Concentration of Credit Risk

The Corporation maintains cash and cash equivalents in bank deposit and investment accounts. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 and investment accounts are insured by the Securities Investor Protection Corporation (SIPC) up to a limit of $500,000. The Corporation's account balances may, at times, exceed the limits. The Corporation has not experienced any such losses in these accounts.

Note 3 - Financial Assets and Liquidity Resources

Board Designations
Net assets without donor restrictions consists of the following for the years ended June 30:

	2024	2023
Undesignated	$ 9,740,472	$ 10,537,982
Board designation:		
Reserved for working capital and current operations	6,599,305	6,125,327
Reserved for capital replacement	5,315,000	2,375,000
Reserved for venture capital/opportunity	854,500	682,000
Total board designation	12,768,805	9,182,327
	$ 22,509,277	$ 19,720,309

Note 3 - Financial Assets and Liquidity Resources, continued

Liquidity

The following reflects the Corporation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of board designated or contractual restrictions within one year of the statement of financial position date. Amounts not available include board designated amounts set aside for working and operating capital, capital replacement, and venture capital opportunities. In the event of an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash, the board can approve adjustments to move net assets from board designated net assets to undesignated net assets.

The following represents Corporation's liquidity at June 30:

	2024	2023
Financial assets available to be used within one year:		
Cash and cash equivalents	$ 2,711,717	$ 2,075,605
Accounts receivable	2,504,028	2,106,506
Other receivables	1,866,581	578,720
Due from related parties	1,805,271	2,042,300
Current portion of lease receivable - related party	3,495,852	3,501,979
Investments	10,807,404	10,909,010
Total financial assets	23,190,853	21,214,120
Less amounts not available for general use within one year:		
Board designated - Reserved for capital replacement	(5,315,000)	(2,375,000)
Board designated - Reserved for venture capital/opportunity	(854,500)	(682,000)
Financial assets available to meet cash needs for general expenditure within one year	$ 17,021,353	$ 18,157,120

Note 4 - Fair Value Measurement

The Corporation defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Corporation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs and are categorized in a fair value hierarchy based on the transparency of inputs. In addition, the Corporation reports certain investments using the net asset value per share as determined by investment managers, allowing the net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 4 - Fair Value Measurement, continued

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2024.

Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Certificates of deposit: Reported at cost plus earned interest, which approximates market prices.

Government securities: Reported at cost plus earned interest, which approximates market prices.

Investments and certificates of deposit at fair value according to the fair value hierarchy are as follows as of June 30, 2024:

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Mutual Funds:				
Domestic Nontraditional Bond	$ 2,970,790	$ -	$ -	$ 2,970,790
Domestic Short-Term Bond	3,308,902	-	-	3,308,902
Fixed Income:				
Certificates of deposits	-	9,873,905	-	9,873,905
Government Securities	-	531,490	-	531,490
	$ 6,279,692	$ 10,405,395	$ -	$ 16,685,087

Investments and certificates of deposit at fair value according to the fair value hierarchy are as follows as of June 30, 2023:

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Mutual Funds:				
Domestic Nontraditional Bond	$ 2,804,337	$ -	$ -	$ 2,804,337
Domestic Short-Term Bond	4,467,450	-	-	4,467,450
Fixed Income:				
Certificates of deposits	-	6,861,951	-	6,861,951
Government Securities	-	1,539,910	-	1,539,910
	$ 7,271,787	$ 8,401,861	$ -	$ 15,673,648

Note 5 - Property and Equipment

Property and equipment consist of the following as of June 30:

	2024	2023
Land improvements	$ 2,639,656	$ 2,639,656
Building and improvements	32,383,492	31,965,611
Furniture and equipment	7,358,929	6,941,500
Leasehold improvements	2,758,930	2,381,829
	45,141,007	43,928,596
Less accumulated depreciation	(26,210,513)	(24,663,333)
	18,930,494	19,265,263
Construction in progress	95,018	485,235
	$ 19,025,512	$ 19,750,498

The total cost of one building, UVA (Note 10), under direct financing lease, as of June 30, 2024 and 2023 was $27,997,753 and $27,579,873, respectively. Accumulated depreciation associated with this asset as of June 30, 2024 and 2023 was $14,427,448 and $13,666,405, respectively.

Note 6 - Contracts With Customers

Accounts receivable from contracts with customers and contract liabilities from contracts with customers were as follows:

	Accounts Receivable, net		Contract Liabilities - Deferred Revenue	
	2024	2023	2024	2023
Beginning of year	$ 607,448	$ 376,465	$ 1,166,040	$ 1,067,642
End of year	$ 652,217	$ 607,448	$ 854,357	$ 1,166,040

Significant Judgments

The Corporation analyzes revenue recognition on a portfolio approach under ASC Topic 606. Significant judgment is utilized in determining the appropriate portfolios to assess for meeting the criteria to recognize revenue under ASC Topic 606. The Corporation has determined that, for each distinct revenue stream identified, all contracts can be grouped into one portfolio. Based on past experience, customers within each distinct stream all behave similarly, contracts contain similar terms, and policies are the same across all contracts. The Corporation does not expect that revenue earned for the portfolio is significantly different as compared to revenue that would be earned if they were to assess each contract separately.

Note 7 - Commitments and Contingencies

Leases

The Corporation has entered into various operating lease agreements with the University for facilities. Total rent expense was approximately $30,029 and $30,029 for each of the years ended June 30, 2024 and 2023, respectively.

Note 7 - Commitments and Contingencies, continued

Bookstore Operating Agreement

The Corporation entered into an agreement with an unrelated third-party to operate the campus bookstore. As part of the agreement, the unrelated third-party relocated the bookstore to the former campus dining area and paid for the relocation and improvement costs related to the move. The cost will be depreciated and amortized over the contract term. All capital equipment or improvements not attached as fixtures to real estate are the property of the unrelated third-party. If the Corporation terminates the agreement prior to the termination date or if the unrelated third-party terminates the agreement for cause, the Corporation is required to purchase any existing inventory at the time of termination at fair value according to the agreement, reimburse the unrelated third-party for the book value of its capital improvements, and refund the unamortized portion of the bookstore build-out. The contract term was extended to June 30, 2025.

The contract commissions are 11.5 percent on gross revenues up to $4,000,000 and 12.5 percent on gross revenues exceeding $4,000,000. Under this agreement, commission revenue for the years ended June 30, 2024 and 2023 was $186,483 and $201,879, respectively.

In addition, the unrelated third-party placed into service $836,241 of equipment, design and construction services for the build-out of the bookstore for the Corporation. The Corporation has ownership of the assets and has recorded a corresponding liability to contract liabilities - deferred revenues. The Corporation recognized revenues of $83,351 and $83,351 for the years ended June 30, 2024 and 2023, respectively. In addition, the Corporation has contract liabilities - deferred revenues of $83,123 and $166,474 on June 30, 2024 and 2023, respectively, related to the noncash transaction.

Child Care Center Lease Agreement

The Corporation owns and operates the Center for Children and Families and has a Child Care Center Development Agreement (Agreement) with KinderCare Education at Work LLC, a California Limited Liability Corporation, which expires on June 30, 2025. In exchange for operating, maintaining, and managing the center, the operator is not charged rent. Management estimated that the value of the Agreement was $661,025 and $641,773 for the years ended June 30, 2024 and 2023, respectively. The Corporation records this as contributed nonfinancial assets as child care center in-kind rental income and child care center in-kind rental expense shown within supporting services and management and general expenses on the statements of activities. Contributed nonfinancial assets are valued at the estimated fair market value for similar facilities.

For operating the child care center, the Corporation does not pay rent under the ground lease. Management estimated that the value of the lease agreement was $350,725 and $340,510 for the years ended June 30, 2024 and 2023, respectively. These amounts are reflected in the statements of activities for the years ended June 30, 2024 and 2023 as property ground lease income and land leasing costs, which is included in ground lease income. As consideration for the Agreement the third-party pays the Corporation an annual revenue share based on net revenue of the center. The Corporation records this as contributed nonfinancial assets as child care center ground lease in-kind income and ground lease in-kind expense shown within the supporting services and management and general expenses on the statement of activities. Contributed nonfinancial assets are valued at the estimated fair market value for similar facilities.

CSUSM Lease Agreement

In August 2019, the Corporation entered into a lease (as Lessor) with University (as Lessee) for use of space for Extended Learning and University programs in the building and adjoining parking garage. The lease has a term through March 2048 and calls for semi-annual rent payments corresponding to the Extended Learning debt obligation, as well as quarterly payments for operating expenses and capital fee for the facilities.

Note 7 - Commitments and Contingencies, continued

Beverage Distribution Rights Contract

The Corporation has granted an unrelated third-party exclusive right to campus beverage sales and distribution. An agreement was entered into for a 10-year period which expires on December 31, 2031. As part of the agreement, the unrelated third-party will have exclusive rights for beverage sale and distribution, including the right to provide all beverages at athletic events, club activities, special events, concessions, and vending locations.

As consideration for the agreement, the unrelated third-party pays the Corporation annual partnership support funds based on minimum levels of product purchased. The Corporation is eligible for additional growth incentive funds if minimum levels are exceeded. Additional consideration includes Ascend scholarship support funds annually in the amount of $8,000 as well as annual athletic partnership support funds, beginning year 1 in the amount of $25,000 and in subsequent years thereafter, in the amount of $5,000. There is a 35 percent commission paid monthly on actual cash collected by third-party from vending machines, as well as the proceeds from credit and debit card transactions processed through the machines. Commission and support fund revenue received under this agreement included $117,879 and $121,795 for the years ended June 30, 2024 and 2023, respectively.

Campus Food Service Agreement

The Corporation has an agreement with an unrelated third-party to operate the campus food services, including resident dining, retail sales, catering, and concessions. The term of the current agreement is through June 30, 2032, unless terminated by either party with advance notice, as defined in the agreement. As part of the agreement, the Corporation will continue to own the equipment used to operate the food services and the unrelated third-party shall purchase and own the inventories of food, beverage and supplies used in operations. In the event of a termination by the Corporation, all amounts due to the unrelated third-party shall be payable immediately as defined in the agreement. The Corporation does not expect early termination.

In January 2014, the unrelated third-party purchased approximately $1.4 million of equipment, design, and construction services for the build-out of retail concepts for the Corporation. During 2022, the unrelated third-party additionally paid approximately $400,000 for small wares, equipment, and other startup costs for the opening of the resident dining hall, along with updates to existing food venues. The Corporation has ownership of the assets and has recorded a corresponding liability to contract liabilities - deferred revenues which is being amortized to revenue through June 30, 2027. The Corporation recognized revenues of $243,170 and $213,615 for the years ended June 30, 2024 and 2023, respectively. The Corporation has contract liabilities - deferred revenues of $718,388 and $961,558 as of June 30, 2024 and 2023, respectively, related to the noncash transaction.

In October 2019, the Corporation entered into a lease agreement with the developer of the Quad affiliate housing facility (Landlord), to utilize space in the building for the future planned residential dining program.

The parties entered into an amendment to the lease in May 2022, which identified Landlord responsibility to construct tenant improvements in the premises, at the expense of the Corporation (Tenant), pursuant to plans, specifications and a guaranteed maximum price contract of $4,200,000. Amendment called for Tenant to pay Landlord for the initial $2,500,000 of tenant improvement costs, with the Landlord advancing payment of remaining costs through completion. Tenant improvements were completed and the repayment of funds advanced by Landlord, along with rent for space commenced in Fall of 2022.

Note 7 - Commitments and Contingencies, continued

Sponsored Programs
The Corporation receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants and operating subsidies. Disbursements of funds received under these programs generally require compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability to the Corporation. However in the opinion of management, any such disallowed claims would not have a material adverse impact on the overall financial position of the Corporation as of June 30, 2024.

Workers' Compensation Insurance
During the years ended June 30, 2024 and 2023, the Corporation purchased workers' compensation insurance for $36,587 and $58,853, respectively, through an approved self-insurance program in which the Corporation is a member, and which is administered by the California State University Risk Management Authority (CSURMA).

Involvement in alternative insurance programs such as the CSURMA's self-funded workers' compensation program is an attempt to control the increases in insurance costs, but also carry financial commitments to the liabilities of the program.

University Village Apartments
San Marcos University Corporation (UCorp) entered into a ground and facility lease agreement for student housing with the Board of Trustees of the California State University (the Board) on March 1, 2005. The lease term is for 28 years, with an option to extend an additional five years. In consideration of the execution of the lease agreement, UCorp would continue to operate the student housing facility on the site as part of refinancing the student housing improvements. The Corporation assumed the agreement as of July 1, 2017.

For operating the housing program, the Corporation does not pay rent under the ground lease. Management estimated that the value of the lease agreement was $644,996 and $626,210, for the years ended June 30, 2024 and 2023, respectively. These amounts are reflected in the statements of activities for the years ended June 30, 2024 and 2023 as housing ground lease income. The Corporation records this as contributed nonfinancial assets as housing ground lease income and housing ground lease in-kind expense shown within housing program on the statement of activities. Contributed nonfinancial assets are valued at the estimated fair market value for similar facilities.

Management Agreement
UCorp entered into a management agreement with Capstone On-Campus Management (Manager) to manage the operations of the student housing facilities from July 1, 2015 through September 30, 2018. The Agreement was amended on July 1, 2017 because of the Corporation merger with UCorp, assigning responsibilities to the Corporation and extending the contract to September 30, 2021. The agreement was further amended on October 1, 2021 to extend the term to September 30, 2024, and again in July 2024 to extend the term to September 30, 2025. The agreement requires an annual fee, payable monthly to the Manager, consisting of a fixed fee and a fixed percentage of revenue collected at 3%. For the years ended June 30, 2024 and 2023, management fees paid were $231,441 and $196,390, respectively. This amount is reflected in the statements of activities within student housing expenses for the years ended June 30, 2024 and 2023.

Affiliation Agreements
The Corporation is party to an affiliation agreement with the University and the developer of the Quad affiliate housing facility, QUAD SM III, LLC and QUAD Housing, LLC. In May 2019, an amendment to the agreement was completed which established an end date of May 2040 and addressed summer use of the Quad facility and related revenue participation, as well as Right of First Offer. In August 2022, the Corporation entered into an additional affiliation agreement with the University and the developer of the North Commons housing facility, Cube 3, LLC. This agreement also has an end date of May 2040.

Note 7 - Commitments and Contingencies, continued

Legal Proceedings
The Corporation may periodically be a party in litigation cases incidental to its business activities. While any litigation or investigation has an element of uncertainty, management believes that the outcome of any of these matters will not have a materially adverse effect on its financial position, results of operations or liquidity.

Note 8 - Contract Liabilities - Deferred Revenue

Contract liabilities - deferred revenue are as follows as of June 30, 2024:

	Current	Noncurrent	Total
Campus food service	$ 242,505	$ 475,883	$ 718,388
Bookstore	83,123	-	83,123
Housing	28,346	-	28,346
Beverage	24,500	-	24,500
Total	$ 378,474	$ 475,883	$ 854,357

Contract liabilities - deferred revenue are as follows as of June 30, 2023:

	Current	Noncurrent	Total
Campus food service	$ 243,170	$ 718,388	$ 961,558
Bookstore	83,351	83,123	166,474
Beverage	24,500	-	24,500
Housing	13,508	-	13,508
Total	$ 364,529	$ 801,511	$ 1,166,040

Note 9 - Accrued Postretirement Benefits Costs

The Corporation has a postretirement program that provides lifetime medical, dental, and vision coverage to retiring employees age 65 or older with at least 10 years of service and having been enrolled in health benefits as of December 31, 2014, as a regular employee. Medical coverage will be provided through the AOA pooled medical program. Dependent spouses of eligible retirees will also receive lifetime medical, dental, and vision coverage.

The following tables include the postretirement healthcare benefits that are unfunded and the amounts recognized in the financial statements for the years ended June 30:

	2024	2023
Change in Benefit Obligation:		
Benefit obligation at beginning of year	$ 660,943	$ 667,186
Service cost	19,222	19,723
Interest cost	31,942	29,215
Actuarial gain	(36,120)	(39,615)
Benefits paid	(18,329)	(15,566)
Benefit obligation at end of year	$ 657,658	$ 660,943

Note 9 - Accrued Postretirement Benefits Costs, continued

	2024	2023
Funded Status:		
Unamortized prior service credit	$ (24,169)	$ (33,620)
Unrecognized net actuarial gain	(645,175)	(696,240)
Accrued benefit cost	1,327,002	1,390,803
Benefit obligation at June 30	$ 657,658	$ 660,943
Measurement date	6/30/2024	6/30/2023
Funded status at end of year	$ (657,658)	$ (660,943)

	2024	2023
Net Periodic Benefit Cost:		
Service cost	$ 19,222	$ 19,723
Interest cost	31,942	29,215
Amortization of prior service cost	(9,451)	(9,451)
Amortization of net gain	(87,185)	(94,723)
Net periodic benefit cost	$ (45,472)	$ (55,236)

The accrued postretirement benefit costs listed at the statements of financial position includes the unamortized prior service credit of $24,169 and unrecognized net actuarial gain of $645,175 for the year ended June 30, 2024 ($33,620 and $696,240, respectively, for the year ended June 30, 2023). Gains are a result of prior year changes in plan eligibility requirements and decreases in future premium liabilities, which were adjusted annually by changes in discount rates and coverage assumptions.

The components of net periodic postretirement benefit cost other than the service cost component are included in the line item “Postretirement benefit” in the statements of activities.

The weighted-average assumptions used to determine benefit obligations are as follows for the years ended June 30:

	2024	2023
Discount Rate	4.90%	4.43%
Expected long-term return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A
Health care cost trend rate assumed for next year	5.00%	9.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.00%	4.00%
Year that the rate reaches the ultimate trend rate	4 yrs	4 yrs

Note 9 - Accrued Postretirement Benefits Costs, continued

Expected retiree payments as of June 30, 2024 are as follows:

Expected Retiree Payments Over the Next 10 Years	
2024/25	$ 21,660
2025/26	24,044
2026/27	26,352
2027/28	30,355
2028/29	35,860
2029-34	243,849

Note 10 - Long-Term Debt

Housing Program

In March 2002, UCorp issued $27,990,000 of Series 2002 Student Housing Revenue Bonds. The proceeds were used to finance the construction of the UVA. In March 2005, the Board of Trustees of the California State University (the Board) issued $25,230,000 of Series 2005A Systemwide Revenue Bonds, whose proceeds were used to pay in full the Series 2002 bonds and to purchase the facility from UCorp. In August 2013, a portion of the outstanding Series 2005A bonds were refunded with proceeds from Series 2013A bond issue. The 2005A bond refund resulted in a modification of the direct financing lease between the University and UCorp resulting in a gain on modification of $697,885 for the year ended June 30, 2014.

In August 2014, the Board of Trustees of the California State University issued $8,340,000 of Series 2014A Systemwide Revenue Bonds at a net premium of $1,365,474. The Series 2014A bond proceeds were used to refund $9,205,000 of the Series 2005A Systemwide Revenue Bonds. The remaining portion of the Series 2005A bond of $705,000 was paid upon maturity in November 2014.

In March 2005, a ground and facility lease was signed between the Board and UCorp for a term of 28 years beginning on May 1, 2005, with an option to extend an additional 10 years. The Ground and Facility Lease agreement was amended in July 2017 due to the UCorp and Corporation merger. The Corporation is responsible for paying a base rent equal to the relating bond obligation and additional rental payments to cover all administrative costs and other expenses in connection with the refinancing or leasing of the facility. The bonds comprise Series 2013A and Series 2014A bonds bearing annual interest of 5.0 percent (paid semiannually). Rental payments are secured by a pledge of all Corporation revenues. The lease obligation due to the Board is treated as a financing arrangement. Accounting principles generally accepted in the United States of America preclude recognition of a real estate sale where there is continuing involvement with the property on the part of the seller.

If the seller-lessee has any continuing involvement other than the leaseback, sale leaseback accounting is prohibited. Additionally, if the seller is required to support operations or continue to operate the property at its own risk for an extended period of time, the transactions should be accounted for as a financing, leasing or profit-sharing arrangement. The financing method is used when the situations are generally significant enough that, in substance, the arrangement is a loan by the buyer-lessor to the seller-lessee.

Since the present value of the future lease payments on May 1, 2005 exceeded 90 percent of the fair value of the leased building, the building and the related liability under the direct financing leases were recorded in 2005 at the present value of the future payments due under the leases.

Note 10 - Long-Term Debt, continued

Housing Program, continued
The balance of the liability under direct financing lease at June 30, 2024, in the amount of $12,862,615, is net of the remaining $509,526 of unamortized loss associated with the modification of the direct financing lease in July 2021, and represents the present value of the balance due in future years for lease rentals, discounted at 1.61 percent.

Extended Learning Building and Parking Project
The Extended Learning Building/Student Services Building and Parking Project (Project) was developed through a Public/Private Partnership with North City University One (Developer). The Project includes a 135,000 gross square foot, six-story building, and a 709-parking garage on 2-acres directly across the street from campus. The Corporation entered into a Purchase and Sale Agreement (PSA) with the Developer (North City University One, Inc.) to manage the design, construction, and final closeout of the Project.

The Corporation owns 120,400 gross square feet which is used for Extended Learning Programs, classrooms, class labs, student support centers, lab and research facilities, select CSUSM departments, CSUSM Corporation Administrative Offices, and CSUSM Corporation Innovation. The Developer owns 14,600 gross square feet which is to be used for retail. A condominium structure was created to divide ownership of the building and land and provides for shared use of the common spaces in the building. The Corporation and Developer commonly own the parking structure under a separate parking declaration. The Developer and CSUSM Corporation developed Covenants, Conditions and Restrictions (CCR&Rs) for the building and parking structure. The Project was completed August 2019.

The Corporation owns and operates the Project and act as landlord to the University. In August 2019, Corporation entered into a lease with CSUSM for use of space for Extended Learning and University programs. When the asset was placed in service during the year ended June 30, 2020, it was determined that the lease was a direct financing lease (Note 11). All advanced lease payments were incorporated into the direct financing lease.

In March 2018, the Corporation received a loan from the Trustees of the California State University in the amount of $14,900,000. Interest rates range from 1.32% to 2.9%. On August 2, 2018, the loan agreement between the Trustees of the California State University and the Corporation was amended to increase the loan amount to $63,590,905 with a maturity date of November 1, 2048. The amended loan has deescalating principal payments of approximately $3,000,000 to $3,500,000.

Starbucks
The Corporation entered into a ten-year note payable with the University for $250,000 to be used for the refurbishment and modernization of the on-campus Starbucks retail store. The note was amended to change the payment terms and interest rate from 3.00 percent to 2.75 percent per annum and is payable in annual principal and interest installments. The note agreement matures on July 1, 2024.

Note 10 - Long-Term Debt, continued

Summary of long-term debt as of June 30, 2024, are as follows:

	Bond Payable	Notes Payable			
June 30,	Housing Program	Extended Learning Building	Starbucks	Total Notes Payable	Total
2025	$ 1,266,209	$ 1,075,000	$ 31,712	$ 1,106,712	$ 2,372,921
2026	1,481,331	1,135,000	-	1,135,000	2,616,331
2027	1,498,271	1,185,000	-	1,185,000	2,683,271
2028	1,461,616	1,245,000	-	1,245,000	2,706,616
2029	1,487,198	1,315,000	-	1,315,000	2,802,198
Thereafter	6,177,516	43,545,000	-	43,545,000	49,722,516
	13,372,141	49,500,000	31,712	49,531,712	62,903,853
Unamortized Premium Balance	-	7,539,735	-	7,539,735	7,539,735
Remaining Loss on Modification	(509,526)	-	-	-	(509,526)
	12,862,615	57,039,735	31,712	57,071,447	69,934,062
Less current portion	(1,266,209)	(1,075,000)	(31,712)	(1,106,712)	(2,372,921)
Noncurrent portion	$ 11,596,406	$ 55,964,735	$ -	$ 55,964,735	$ 67,561,141

Note 11 - Direct Financing Lease

In August 2019, Corporation entered into a lease (as Lessor) with University (as Lessee) for use of space for Extended Learning and University programs in the building and adjoining parking garage. The lease payments mirror the principal and interest payments required to pay the Extended Learning Building loan. Lease payments are payable on or before May 1 and November 1 in each year, through November 1, 2048.

Future minimum lease payments to be received and unearned income from direct financing lease as of June 30, 2024, are as follows:

June 30,	Lease Receivable	Unearned Income - Direct Financing Lease	Net Investment in Direct Financing Lease
2025	$ 3,495,852	$ (2,164,478)	$ 1,331,374
2026	3,502,047	(2,106,712)	1,395,335
2027	3,495,430	(2,046,799)	1,448,631
2028	3,496,018	(1,984,768)	1,511,250
2029	3,503,388	(1,920,263)	1,583,125
Thereafter	67,974,499	(20,635,124)	47,339,375
Total	$ 85,467,234	$ (30,858,144)	$ 54,609,090

Note 12 - Leasing Arrangements

The Corporation has operating and finance leases of office space and resident dining hall space under agreements with contractual periods ranging from 1 to 15 years. The office and resident dining hall space are located in the San Marcos, California, United States of America. Certain lease agreements contain scheduled rent escalation clauses and others include rental payments adjusted periodically depending on an index or rate. Some of the leases contain one or more options to extend. The exercise of lease renewal options is generally at the Corporation's sole discretion. Options that are reasonably certain to be exercised, considering all relevant economic and financial factors, are included in the lease term. Certain lease agreements also contain lease incentives, such as tenant improvement allowances. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. The lease agreements do not contain any material residual value guarantees. The Corporation elected the package of practical expedients permitted under the transition guidance within the standard, which among other things, allowed the Corporation to carry forward the historical lease classification.

The Corporation has elected the practical expedient to account for the lease and non-lease components as a single lease component (e.g., maintenance and operating services). Therefore, for those leases, the lease payments used to measure the lease liability include all the fixed consideration in the contract. All variable payments not based on a market rate or an index are expensed as incurred.

The Corporation determines if an arrangement is or contains a lease at contract inception. The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. Key estimates and judgments include how the Corporation determines the discount rate, the lease term, and the lease payments.

When the discount rate implicit in a lease is not readily determinable, the Corporation calculates the lease liability using the risk-free rate.

The following summarizes the operating and finance leases as of June 30:

	2024	2023
Operating Leases		
Operating lease right-of-use assets	$ 110,924	$ 110,924
Accumulated amortization	(53,024)	(25,900)
Total operating lease right-of-use assets	$ 57,900	$ 85,024
Current portion of operating lease liabilities	$ 29,134	$ 57,850
Operating lease liabilities, net of current portion	29,124	57,203
Total operating lease liabilities	$ 58,258	$ 115,053
Finance Leases		
Property and equipment	$ 8,091,627	$ 8,091,626
Accumulated amortization	(944,023)	(404,581)
Property and equipment, net	$ 7,147,604	$ 7,687,045
Current portion of finance lease liabilities	$ 88,712	$ 534,212
Finance lease liabilities, net of current portion	4,182,776	4,271,488
Total finance lease liabilities	$ 4,271,488	$ 4,805,700

Note 12 - Leasing Arrangements, continued

The amounts contractually due on lease liabilities as of June 30, 2024, were as follows:

	Operating	Finance
2025	$ 30,208	$ 277,827
2026	30,208	338,548
2027	-	387,209
2028	-	408,364
2029	-	420,350
Thereafter	-	3,988,050
Total lease payments	60,416	5,820,348
Less interest	(2,158)	(1,548,860)
Present value of lease liabilities	$ 58,258	$ 4,271,488

The following summarizes the line items in the income statement which include the components of lease expense for the years ended June 30:

	2024	2023
Operating lease expense	$ 30,208	$ 30,029
Finance Leases:		
Amortization of lease assets, included in operating expense	539,442	404,581
Interest on lease liabilities, included in interest expense	196,759	173,836
Total lease cost	$ 766,409	$ 608,446

Supplemental cash flow information related to leases for the years ended June 30:

	2024	2023
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from finance leases	$ 196,759	$ 155,974
Financing cash flows from finance leases	534,212	3,285,927
Lease assets obtained in exchange for lease liabilities:		
Operating leases	$ -	$ 110,924
Finance leases	-	8,091,627

Supplemental statement of financial position information related to leases for the years ended June 30:

	2024	2023
Weighted average remaining lease term - Operating leases	2.00	3.00
Weighted average remaining lease term - Finance leases	13.26	14.26
Weighted average discount rate - Operating leases	3.35%	3.66%
Weighted average discount rate - Finance leases	4.34%	4.34%

Note 12 - Leasing Arrangements, continued

Related party leases include the following information at June 30:

	2024	2023
Operating lease right-of-use assets	$ 110,924	$ 110,924
Operating lease liabilities	58,258	115,053
Operating lease expense	30,029	85,024
Operating cash flows from operating leases	57,900	30,029

Leasehold improvements related to leases with entities under common control are amortized over their useful life.

Note 13 - Related Party Transactions

The Corporation reimburses the University for salaries and other program-related costs for personnel working on contracts, fiscal services, and providing other business and operation services.

The Corporation entered into a payroll processing agreement with ASI.

The University remits bond interest payments for the debt related to the Corporation's direct financing lease of student housing. The Corporation then reimburses the University for the payments.

Note 13 - Related Party Transactions, continued

Related party transactions are as follows at June 30:

Related Parties	Description	Reported in	2024	2023
Expenses to:				
University	Salaries and reimbursed costs	Various expenses	$ 7,311,702	$ 5,474,564
University	Bond Interest	Interest expense	319,302	348,582
ASI	Services, programs and other	Various expenses	-	375
Foundation	Services, programs and other	Various expenses	97,510	11,347
			$ 7,728,514	$ 5,834,868
Revenue from:				
University	Services and programs	Revenue and expenses	$ 14,044,780	$ 12,835,744
ASI	Payroll processing, administrative expenses and other expenses	Revenue	1,216,900	1,072,152
Foundation	Services and cost reimbursement	Revenue	84,431	60,797
			$ 15,346,111	$ 13,968,693
Due from:				
University	Salaries, benefits, and other expenses	Due from related parties	$ 998,440	$ 1,278,213
University	Lease receivable (Note 11)	Lease receivable	85,467,234	88,969,213
University	Space lease	Operating lease	57,900	85,024
CSU Chancellor's Office	Other expenses	Due from related parties	433,768	422,492
ASI	Salaries, benefits, and other expenses	Due from related parties	212,084	188,248
Foundation	Other expenses	Due from related parties	160,979	153,347
			$ 87,330,405	$ 91,096,537
Due to:				
University	Cost reimbursement	Due to related parties	$ 698,901	$ 650,088
CSU Chancellor's Office	Other expenses	Due to related parties	407,832	416,161
University	Bond Interest (Note 10)	Due to related parties	32,530	35,602
University	Starbucks loan (Note 10)	Notes payable	31,712	62,577
University	Space Lease	Lease liabilities	58,258	115,053
Foundation	Various liabilities	Due to related parties	-	1,000
ASI	Cost reimbursement	Due to related parties	13,501	4,125
			$ 1,242,734	$ 1,284,606

Note 14 - Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation, which is allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates and time and effort.

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

Schedule of Net Position

June 30, 2024

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	$ 2,711,717
Short-term investments	10,807,404
Accounts receivable, net	6,175,880
Lease receivable, current portion	3,495,852
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	90,042
Total current assets	23,280,895
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	81,971,382
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	5,877,683
Capital assets, net	26,231,016
Other assets	102,722
Total noncurrent assets	114,182,803
Total assets	137,463,698
Deferred outflows of resources:	
Unamortized loss on debt refunding	509,526
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-
Total deferred outflows of resources	509,526
Liabilities:	
Current liabilities:	
Accounts payable	3,611,943
Accrued salaries and benefits	410,951
Accrued compensated absences, current portion	692,422
Unearned revenue, current portion	5,478,746
Lease liablities, current portion	1,384,055
SBITA liablities, current portion	-
P3 liablities, current portion	-
Long-term debt obligations, current portion	1,106,712
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	12,684,829
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue, net of current portion	29,169,549
Grants refundable	-
Lease liablities, net of current portion	16,317,832
SBITA liablities, net of current portion	-
P3 liablities, net of current portion	-
Long-term debt obligations, net of current portion	55,964,735
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits obligations	1,327,002
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	102,779,118
Total liabilities	115,463,947
Deferred inflows of resources:	
P3 Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-
Total deferred inflows of resources	-
Net Position:	
Net investment in capital assets	5,520,370
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	16,988,907
Total net position	$ 22,509,277

CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees, gross	$	-
Scholarship allowances		-
Grants and contracts, noncapital:		
Federal		14,382,359
State		3,298,056
Local		-
Nongovernmental		769,619
Sales and services of educational activities		6,256,384
Sales and services of auxiliary enterprises, gross		9,765,176
Scholarship allowances		-
Other operating revenues		2,220,163
Total operating revenues		36,691,757
Expenses:		
Operating expenses:		
Instruction		4,134,253
Research		5,529,343
Public service		363,756
Academic support		2,500,472
Student services		3,659,889
Institutional support		441,748
Operation and maintenance of plant		-
Student grants and scholarships		3,687,101
Auxiliary enterprise expenses		9,589,857
Depreciation and amortization		2,331,612
Total operating expenses		32,238,031
Operating income (loss)		4,453,726
Nonoperating revenues (expenses):		
State appropriations, noncapital		-
Federal financial aid grants, noncapital		-
State financial aid grants, noncapital		-
Local financial aid grants, noncapital		-
Nongovernmental and other financial aid grants, noncapital		-
Other federal nonoperating grants, noncapital		-
Gifts, noncapital		-
Investment income (loss), net		1,001,265
Endowment income (loss), net		-
Interest expense		(2,666,023)
Other nonoperating revenues (expenses) - excl. interagency transfers		-
Net nonoperating revenues (expenses)		(1,664,758)
Income (loss) before other revenues (expenses)		2,788,968
State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		-
Increase (decrease) in net position		2,788,968
Net position:		
Net position at beginning of year, as previously reported		19,720,309
Restatements		-
Net position at beginning of year, as restated		19,720,309
Net position at end of year	$	22,509,277

CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

Other Information

June 30, 2024

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	$ -
All other restricted cash and cash equivalents	-
Noncurrent restricted cash and cash equivalents	-
Current cash and cash equivalents	2,711,717
Total	$ 2,711,717

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	$ -	$ -	$ -
Repurchase agreements	-	-	-
Certificates of deposit	3,996,222	5,877,683	9,873,905
U.S. agency securities	-	-	-
U.S. treasury securities	531,490	-	531,490
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	6,279,692	-	6,279,692
Exchange traded funds	-	-	-
Equity securities	-	-	-
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Total investments	10,807,404	5,877,683	16,685,087
Less endowment investments	-	-	-
Total investments, net of endowments	$ 10,807,404	$ 5,877,683	$ 16,685,087

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	$ -	$ -	$ -	$ -	$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	9,873,905	-	9,873,905	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	531,490	-	531,490	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	6,279,692	6,279,692	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	-	-	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
Other Investments	-	-	-	-	-
Total investments	**$ 16,685,087**	**$ 6,279,692**	**$ 10,405,395**	**$ -**	**$ -**

2.3 Investments held by the University under contractual agreements: Not Applicable

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2023 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2024
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	485,235	-	-	-	485,235	95,015	-	(485,232)	95,018
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	485,235	-	-	-	485,235	95,015	-	(485,232)	95,018
Depreciable/Amortizable capital assets:									
Buildings and building improvements	31,965,611	-	-	-	31,965,611	129,090	(72,172)	360,963	32,383,492
Improvements, other than buildings	2,639,656	-	-	-	2,639,656	-	-	-	2,639,656
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	2,381,829	-	-	-	2,381,829	377,101	-	-	2,758,930
Personal property:						-	-	-	
Equipment	6,941,500	-	-	-	6,941,500	528,422	(235,262)	124,269	7,358,929
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	43,928,596	-	-	-	43,928,596	1,034,613	(307,434)	485,232	45,141,007
Total capital assets	44,413,831	-	-	-	44,413,831	1,129,628	(307,434)	-	45,236,025
Less accumulated depreciation/amortization:									
Buildings and building improvements	(15,484,950)	-	-	-	(15,484,950)	(977,600)	70,366	-	(16,392,184)
Improvements, other than buildings	(2,173,118)	-	-	-	(2,173,118)	(143,297)	-	-	(2,316,415)
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(1,520,588)	-	-	-	(1,520,588)	(217,827)	-	-	(1,738,415)
Personal property:									
Equipment	(5,484,677)		-	-	(5,484,677)	(453,446)	174,624	-	(5,763,499)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(24,663,333)	-	-	-	(24,663,333)	(1,792,170)	- 244,990	-	(26,210,513)
Total capital assets, net excluding ROU assets	$ 19,750,498	$ -	$ -	$ -	$ 19,750,498	$ (662,542)	$ (62,444)	$ -	$ 19,025,512

Composition of capital assets - Lease ROU, net	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2023 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2024
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	8,202,551	-	-	-	8,202,551	-	-	-	8,202,551
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable lease assets	8,202,551	-	-	-	8,202,551	-	-	-	8,202,551
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	(430,482)	-	-	-	(430,482)	(566,565)	-	-	(997,047)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(430,482)	-	-	-	(430,482)	(566,565)	-	-	(997,047)
Total capital assets, Lease ROU, net	$ 7,772,069	$ -	$ -	$ -	$ 7,772,069	$ (566,565)	$ -	$ -	$ 7,205,504

Capital Assets, Right of Use

Composition of capital assets - SBITA ROU, net	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2023 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2024
Depreciable/Amortizable SBITA assets:									
Software	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets, Lease ROU, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Composition of capital assets - P3 ROU, net	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2023 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2024
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization									
Total capital assets, P3 ROU, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total capital assets, net including ROU assets									$ 26,231,016

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	$ 1,792,170
Amortization expense - Leases ROU	566,565
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	(27,123)
Total depreciation and amortization	$ 2,331,612

4 Long-term liabilities:

	Balance June 30, 2023	Prior Period Adjustments/ Reclassifications	Balance June 30, 2023 (Restated)	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
1. Accrued compensated absences	$ 693,248	$ -	$ 693,248	$ 127,252	$ (128,078)	$ 692,422	$ 692,422	$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations (pre-ASC 842)	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	50,530,000	-	50,530,000	-	(1,030,000)	49,500,000	1,075,000	48,425,000
4.4 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:								
Note Payable	62,578	-	62,578	-	(30,866)	31,712	31,712	-
Total others	62,578	-	62,578	-	(30,866)	31,712	31,712	-
Sub-total long-term debt	50,592,578	-	50,592,578	-	(1,060,866)	49,531,712	1,106,712	48,425,000
4.6 Unamortized net bond premium/(discount)	7,855,143	-	7,855,143	-	(315,408)	7,539,735	-	7,539,735
Total long-term debt obligations	58,447,721	-	58,447,721	-	(1,376,274)	57,071,447	1,106,712	55,964,735

	Balance June 30, 2023	Prior Period Adjustments/ Reclassifications	Additions	Remeasurements	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
5. Lease, SBITA, P3 liabilities:								
Lease liabilities	19,555,959	-	-	-	(1,854,072)	17,701,887	1,384,055	16,317,832
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	19,555,959	-	-	-	(1,854,072)	17,701,887	1,384,055	16,317,832
Total long-term liabilities						**$ 75,465,756**	**$ 3,183,189**	**$ 72,282,567**

5 Future minimum payments schedule - leases, SBITA, P3:

	Lease Liabilities			SBITA Liabilities			Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 Liabilities		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:												
2025	$ 1,384,055	$ 375,078	$ 1,759,133	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,384,055	$ 375,078	$ 1,759,133
2026	1,665,389	349,557	2,014,946	-	-	-	-	-	-	1,665,389	349,557	2,014,946
2027	1,709,926	319,770	2,029,696	-	-	-	-	-	-	1,709,926	319,770	2,029,696
2028	1,704,657	287,945	1,992,602	-	-	-	-	-	-	1,704,657	287,945	1,992,602
2029	1,753,536	255,111	2,008,647	-	-	-	-	-	-	1,753,536	255,111	2,008,647
2030 - 2034	7,917,827	742,134	8,659,961	-	-	-	-	-	-	7,917,827	742,134	8,659,961
2035 - 2039	1,566,497	121,054	1,687,551	-	-	-	-	-	-	1,566,497	121,054	1,687,551
2040 - 2044	-	-	-	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-
Total minimum payments	$ 17,701,887	$ 2,450,649	$ 20,152,536	$ -	$ -	$ -	$ -	$ -	$ -	$ 17,701,887	$ 2,450,649	$ 20,152,536
Less: amounts representing interest												(2,450,649)
Present value of future minimum lease payments												17,701,887
Total leases, SBITA, P3 liabilities												17,701,887
Less: current portion												(1,384,055)
Leases, SBITA, P3 liabilities, net of current portion												$ 16,317,832

6 Future minimum payments schedule - Long-term debt obligations:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2024	$ -	$ -	$ -	$ 1,106,712	$ 2,421,726	$ 3,528,438	$ 1,106,712	$ 2,421,726	$ 3,528,438
2025	-	-	-	1,135,000	2,367,047	3,502,047	1,135,000	2,367,047	3,502,047
2026	-	-	-	1,185,000	2,310,430	3,495,430	1,185,000	2,310,430	3,495,430
2027	-	-	-	1,245,000	2,251,018	3,496,018	1,245,000	2,251,018	3,496,018
2028	-	-	-	1,315,000	2,188,388	3,503,388	1,315,000	2,188,388	3,503,388
2029 - 2033	-	-	-	7,620,000	8,058,672	15,678,672	7,620,000	8,058,672	15,678,672
2034 - 2038	-	-	-	9,755,000	8,221,683	17,976,683	9,755,000	8,221,683	17,976,683
2039 - 2043	-	-	-	12,480,000	5,622,928	18,102,928	12,480,000	5,622,928	18,102,928
2044 - 2048	-	-	-	13,690,000	2,526,216	16,216,216	13,690,000	2,526,216	16,216,216
2049 - 2053	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	$ -	$ -	$ -	$ 49,531,712	$ 35,968,108	$ 85,499,820	$ 49,531,712	$ 35,968,108	$ 85,499,820
Less: amounts representing interest									(35,968,108)
Present value of future minimum payments									49,531,712
Unamortized net premium/(discount)									7,539,735
Total long-term debt obligations									57,071,447
Less: current portion									(1,106,712)
Long-term debt obligations, net of current portion									$ 55,964,735

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	$ 201,456
Payments to University for other than salaries of University personnel	3,694,527
Payments received from University for services, space, and programs	14,044,780
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	3,415,718
Accounts payable to University	(698,901)
Other amounts payable to University	(122,500)
Accounts receivable from University	998,440
Other amounts receivable from University	85,467,234

8 Restatements: Not Applicable

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	$ 1,319,196	$ 281,917	$ -	$ -	$ -	$ 2,533,140	$ -	$ 4,134,253
Research	2,500,945	412,261	-	(62,725)	-	2,678,862	-	5,529,343
Public service	143,100	22,150	-	-	-	198,506	-	363,756
Academic support	724,631	168,602	-	-	-	1,607,239	-	2,500,472
Student services	2,047,446	575,906	-	-	-	1,036,537	-	3,659,889
Institutional support	220,646	35,033	-	-	-	186,069	-	441,748
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	3,687,101	-	-	3,687,101
Auxiliary enterprise expenses	1,176,198	390,183	-	(1,969)	-	8,025,445	-	9,589,857
Depreciation and amortization	-	-	-	-	-	-	2,331,612	2,331,612
Total operating expenses	$ 8,132,162	$ 1,886,052	$ -	$ (64,694)	$ 3,687,101	$ 16,265,798	$ 2,331,612	$ 32,238,031

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	$	509,526
Deferred outflows - net pension liability		-
Deferred outflows - net OPEB liability		-
Deferred outflows - leases		-
Deferred outflows - P3		-
Deferred outflows - others:		
Sales/intra-entity transfers of future revenues		-
Gain/loss on sale leaseback		-
Loan origination fees and costs		-
Change in fair value of hedging derivative instrument		-
Irrevocable split-interest agreements		-
Total deferred outflows - others		-
Total deferred outflows of resources	$	509,526

2. Deferred Inflows of Resources

Deferred inflows - P3 service concession arrangements	$	-
Deferred inflows - net pension liability		-
Deferred inflows - net OPEB liability		-
Deferred inflows - unamortized gain on debt refunding(s)		-
Deferred inflows - nonexchange transactions		-
Deferred inflows - leases		-
Deferred inflows - P3		-
Deferred inflows - others:		
Sales/intra-entity transfers of future revenues		-
Gain/loss on sale leaseback		-
Loan origination fees and costs		-
Change in fair value of hedging derivative instrument		-
Irrevocable split-interest agreements		-
Total deferred inflows - others		-
Total deferred inflows of resources	$	-

11 Other nonoperating revenues (expenses): Not Applicable

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San Diego, CA 92108

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
California State University San Marcos Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University San Marcos Corporation, (nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered California State University San Marcos Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California State University San Marcos Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the California State University San Marcos Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify and deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether California State University San Marcos Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS,* CONTINUED

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 25, 2024

Aldrich CPAs + Advisors LLP
7676 Hazard Center Drive, Suite 550
San Diego, CA 92108

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
California State University San Marcos Corporation

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited California State University San Marcos Corporation's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of California State University San Marcos Corporation's major federal programs for the year ended June 30, 2024. California State University San Marcos Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, California State University San Marcos Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of California State University San Marcos Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of California State University San Marcos Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to California State University San Marcos Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on California State University San Marcos Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about California State University San Marcos Corporation's compliance with the requirements of each major federal program as a whole.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding California State University San Marcos Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of California State University San Marcos Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of California State University San Marcos Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 25, 2024

CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal/Pass-Through Grantor and Program Title	Assistance Listing Number	Agency or Pass-Through Grantor No.	Expenditures	Subrecipients
Research and Development Cluster:				
Department of Defense				
Direct Programs				
Basic and Applied Scientific Research	12.300	N/A	$ 2,232,652	$ -
Pass-through from The University of Utah				
Science, Technology, Engineering & Mathematics (STEM) Education, Outreach and Workforce Program	12.330	N00014-23-1-2240	46,354	-
Total Department of Defense			2,279,006	-
Department of Energy				
Direct Programs				
Office of Science Financial Assistance Program	81.049	N/A	397,174	606,359
Total Department of the Interior			397,174	606,359
Department of Education				
Direct Programs				
Higher Education Institutional Aid	84.031	N/A	2,468,830	51,122
Minority Science and Engineering Improvement	84.120	N/A	10,301	-
Total Department of Education			2,479,131	51,122
Department of Health and Human Services				
Direct Programs				
Environmental Health	93.113	N/A	43,694	-
Mental Health Research Grants	93.242	N/A	56,568	-
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	N/A	179,661	-
Trans-NIH Research Support	93.310	N/A	221,397	274,530
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	N/A	109,591	-
Biomedical Research and Research Training	93.859	N/A	2,264,731	270,468
Pass-through from The Regents of the University of California at Riverside				
Minority Health and Health Disparities Research	93.307	1U54MD013368-01A1	8,934	-
Pass-through from University of Washington				
Medical Library Assistance	93.879	UG4LM013725	1,465	-
Total Department of Health and Human Services			2,886,041	544,998
Department of Agriculture				
Direct Programs				
Agriculture and Food Research Initiative	10.310	N/A	53,395	-
Beginning Farmer and Rancher Development Program	10.311	N/A	8,919	38,825
Pass-through from San Diego State University Research Foundation				
Hispanic Serving Institutions Education Grants	10.223	20227704038529	28,131	-
Pass-through from Wayne State University				
Community Food Projects	10.225	2020-33800-33132	12,964	-
Total Department of Agriculture			103,409	38,825
National Aeronautical and Space Administration				
Direct Programs				
Science	43.001	N/A	586,842	280,532
Office of Stem Engagement (OSTEM)	43.008	N/A	134,240	-
Total National Aeronautical and Space Administration			721,082	280,532
National Science Foundation				
Direct Programs				
Mathematical and Physical Sciences	47.049	N/A	65,212	-
Computer and Information Science and Engineering	47.070	N/A	169,528	-
Biological Sciences	47.074	N/A	238,959	-
Social, Behavioral, and Economic Sciences	47.075	N/A	125,683	-
Education and Human Resources	47.076	N/A	864,702	133,738
Pass-through from Michigan State University				
Other Arrangements	99999	SUBK00020414	49,492	-
Total National Science Foundation			1,513,576	133,738
Total Research and Development Cluster			$ 10,379,419	$ 1,655,574

CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

Schedule of Expenditures of Federal Awards, continued

Year Ended June 30, 2024

Federal/Pass-Through Grantor and Program Title	Assistance Listing Number	Agency or Pass-Through Grantor No.	Expenditures	Subrecipients
TRIO Cluster:				
Department of Education				
Direct Programs				
Student Support Services	84.042	N/A	$ 337,856	$ -
Talent Search	84.044	N/A	242,425	-
Upward Bound	84.047	N/A	296,840	-
McNair Postbaccalaureate Achievement Program	84.217	N/A	310,225	-
Total Department of Education			1,187,346	-
Total TRIO Cluster			1,187,346	-
Other Programs:				
Department of State				
Pass-through from Eurasia Foundation				
Professional and Cultural Exchange Programs - Citizen Exchanges	19.415	SECAGD21CA3071	13,126	-
Total Department of State			13,126	-
Department of Education				
Direct Programs				
Migrant Education College Assistance Migrant Program	84.149	N/A	544,337	-
Child Care Access Means Parents in School	84.335	N/A	595,956	-
English Language Acquisition State Grants	84.365	N/A	491,565	-
Pass-through from University of California Office of the President				
Supporting Effective Instruction State Grants	84.367	S367A220005	3,952	-
Total Department of Education			1,635,810	-
Department of Health and Human Services				
Direct Programs				
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	N/A	142,376	100,000
Pass-through from University of California, Berkeley:				
Foster Care - Title IV-E	93.658	22-3033	941,914	-
Elder Abuse Prevention Interventions Program	93.747	21-3120	82,368	-
Total Department of Health and Human Services			1,166,658	100,000
Total Other Programs			2,815,594	100,000
Total Expenditures of Federal Awards			$ 14,382,359	$ 1,755,574

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of California State University San Marcos Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - Summary of Significant Accounting Policies

California State University San Marcos Corporation did not elect to use the 10% de minimus cost rate as covered in the Uniform Guidance 2.CFR.200.414 Indirect costs.

CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiency(ies) identified?	None reported
Material weakness(es) identified?	No
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major program:	
Significant deficiency(ies) identified?	None reported
Material weakness(es) identified?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR Section 200.516(a)?	No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
Various	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee under the Uniform Grant Guidance, 2 CFR Section 200.520?	Yes

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - Schedule of Prior Year Findings

None reported.